

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SAM-01 CIAE-00 PM-04 H-02 INR-07 L-03

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC 7765

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY MOSCOW

AMCONSUL OPORTO

AMEMBASSY PARIS

AMCONSUL PONTA DELGADA

USMISSION NATO

DIA WASHDC

USCINCEUR VAIHINGEN GER

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E.O. 11652: N/A

TAGS: PINT, PO

SUBJ: SPECULATION ON NEW GOVERNMENT

REF: LISBON 4497 (DTG 041145Z JUL 76)

SUMMARY: SPECULATION ON THE COMPOSITION OF THE NEW GOVERNMENT IS GROWING. BUT ONLY SOARES KNOWS FOR SURE AND HE IS NOT TALKING. SOARES MAY BE HAVING DIFFICULTY PUTTING TOGETHER A HOMOGENEOUS TEAM WILLING TO RISK TACKLING PORTUGAL'S ECONOMIC CRISIS. END SUMMARY.

1. SPECULATION ON NEW GOVERNMENT: WITH THE PRESIDENT'S INAUGURATION NOW SET, POLITICAL OBSERVERS ARE FOCUSING ON THE COMPOSITION OF THE NEW GOVERNMENT. SOARES
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CONTINUES TO REFUSE ALL PUBLIC COMMENT ON EITHER THE

COMPOSITION OF THE GOVERNMENT OR ITS STRUCTURE. HIS SILENCE HAS NOT QUIETED SPECULATION, MUCH OF IT PROMOTED BY EAGER OFFICE-SEEKERS OR INTERESTED PARTIES. TO GIVE THE DEPARTMENT SOME OF THE FLAVOR OF THE PREVAILING MOOD, WE PASS ALONG NAMES NOT FREQUENTLY MENTIONED BY INSIDERS:

-- DEPUTY PRIME MINISTER: HENRIQUE DE BARROS IS TOUTED BY THE PRESS BUT IS CONSIDERED BY MANY SOCIALISTS TO BE TOO TIRED AND PROBABLY WOULD NOT ACCEPT IN ANY CASE. CUNHA REGO AND SALGADO ZENHA ARE FREQUENTLY MENTIONED, AND FIRMINO MIGUEL MAY SERVE IN THIS POSITION AS WELL AS TAKE THE DEFENSE MINISTRY.

-- FOREIGN AFFAIRS: SOARES WOULD LIKE TO ASSUME THIS PORTFOLIO ALONG WITH THE PRIME MINISTERSHIP, WITH A STRONG STATE SECRETARY TO RUN THE MINISTRY. MANY OF SOARES'S FRIENDS OPPOSE THIS. THEY FEEL THE MINISTRY NEEDS A FULL-TIME LEADER IN ORDER TO REORGANIZE AND FEAR SOARES WILL BE TEMPTED TO TRAVEL TOO MUCH. CURRENT STATE SECRETARY MEDEIROS FERREIRA IS THE FRONT-RUNNER IF SOARES DOES NOT TAKE THE POSITION. LONG SHOTS ARE ALMEIDA SANTOS; PORTUGUESE AMBASSADOR TO PARIS, COIMBRA MARTINS; AND JORGE CAMPINOS.

-- FINANCE: VASCO VIEIRA DE ALMEIDA, WELL QUALIFIED AND SUBJECT OF MUCH SPECULATION, DENIED TO AMBASSADOR HE WILL BE IN GOVERNMENT. HE MAY PREFER TO CONTINUE IN HIS ROLE AS ECONOMIC ADVISOR TO EANES. ANTONIO SOUSA GOMES IS POSSIBILITY. ARTUR SANTOS SILVA MAY BE SELECTED, BUT THIS IS LIKELY ONLY IF FINANCE IS PLACED UNDER NEW ECONOMIC COORDINATION MINISTRY. AN EX-PPD INDEPENDENT, HE HAS REPORTEDLY BEEN VETOED BY ELEMENTS WITHIN THE PS.

-- JUSTICE: ALMEIDA SANTOS.

-- INTERNAL AND EXTERNAL COMMERCE (COMBINED MINISTRY): ANTONIO BARRETO. BUT JORGE COMPINOS MAY WANT TO STAY ON.

-- EDUCATION: MARIA PINTASSILGO, MARIA BELCHOIR, AND LIMITED OFFICIAL USE

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MAGLAHAES GODINHO. PS SOURCES SAY SOARES IS HAVING DIFFICULTIES FINDING "RIGHT" PERSON.

-- LABOR: ANTONIO REIS, ANTONIO MALDONADO, PELAGIO MADUREIRA, AND CPT TOMAS ROSA.

-- SOCIAL WELFARE: CARLOS MACEDO AND MARCELO CURTO.

-- AGRICULTURE: SOARES TOLD AMBASSADOR LOPES
CARDOSO WILL STAY.

-- INDUSTRY AND TECHNOLOGY: WALTER ROSA (UNDER NEW
MINISTRY OF ECONOMIC COORDINATION).

-- MASS COMMUNICATIONS: ALFREDO BARROSO OR JAIME GAMA
(IN OFFICE OF PRIME MINISTER).

-- INTERNAL ADMINISTRATION (INTERIOR): VICTOR CUNHA REGO
WAS OFFERED JOB, BUT HAS SERIOUS RESERVATIONS.
ALMEIDA E SANTOS, COSTA BRAS, AND MEDEIROS FERREIRA
ARE POSSIBILITIES. INCUMBENT ALMEIDA E COSTA IS
NOT ACCEPTABLE TO SOME SOCIALISTS, AND SOARES WOULD
PREFER TO KEEP NUMBER OF MILITARY IN CABINET DOWN.

-- ECONOMIC COORDINATION: RUI VILAR APPEARS TO BE LEADING
CANDIDATE, BUT SAYS HE WILL NOT BE IN GOVERNMENT. JOAO
SALGUEIRO, WALTER ROSA, AND VASCO VIEIRA DE ALMEIDA,
ARE ALSO MENTIONED.

-- PLANNING AND COORDINATION: VICTOR CONSTANCIO
WANTS THE JOB, BUT HIS ACCEPTANCE WILL DEPEND ON POWERS
GIVEN TO NEW MINISTRY.

-- DEFENSE (NEW MINISTRY): LTC FIRMINO MIGUEL.

3 BEST BETS: EMBASSY SOURCES SAY THE BEST PROSPECTS
ARE:

-- VICTOR CUNHA REGO FOR CABINET SECRETARY.
-- ANTONIO LOPES CARDOSO TO CONTINUE AS AGRICULTURE
MINISTER.
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-- ANTONIO BARRETO FOR COMMERCE.
-- FIRMINO MIGUEL FOR DEFENSE.
-- ALMEIDA SANTOS FOR IMPORTANT POST BUT STILL UNCERTAIN
WHICH ONE.
-- FRANCISCO SALGADO ZENHA AS PS FLOOR LEADER OF ASSEMBLY.

4. COMMENT: SOARES'S MAIN DIFFICULTY SO FAR HAS BEEN
PUTTING TOGETHER A QUALIFIED, HOMOGENEOUS TEAM
WILLING TO TAKE ON PORTUGAL'S CURRENT CRISIS. THERE IS A
RELUCTANCE ON THE PART OF CAPABLE ECONOMISTS LIKE VASCO
VIEIRA DE ALMEIDA AND RUI VILAR TO GET BURNED IN WHAT THEY
FEAR MAY BE AN UNSUCCESSFUL EFFORT TO DEAL WITH
PORTUGAL'S SERIOUS ECONOMIC PROBLEMS.
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